

ORIGINAL
ep-09 PM 12:04
U.S. DISTRICT COURT
N.D. OF ALABAMA

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

y3
04 MAR -2 PM 3:47
U.S. DISTRICT COURT
N.D. OF ALABAMA

UNITED STATES OF AMERICA,

v.

UNDER SEAL

Case No. CR-03-BE-0530-S

RICHARD M. SCRUSHY,

Defendant.

**MOTION TO TRANSFER ADDITIONAL HEALTHSOUTH SHARES TO THE
CHANCERY COURT, NEW CASTLE COUNTY, DELAWARE**

Comes now the Defendant Richard M. Scrushy, through his counsel, Arthur W. Leach and moves this Court to transfer 608,266 shares of HealthSouth stock to the Chancery Court of New Castle County, Delaware and shows as follows:

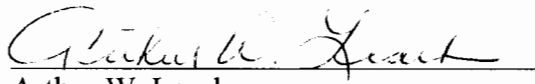
In a Stipulation and Order entered by this Court on January 22, 2004,¹ the Court directed that 3,272,000 shares of HealthSouth stock, worth approximately \$17.5 million, be transferred to the Chancery Court, New Castle County, Delaware, to serve as security for the Judgment amount during the pendency of an appeal in the case of In Re HealthSouth Corp. Shareholders Litigation, Consolidated Civil Action No. 19896-NC. Paragraph Four of that Order provided that in the event that the value of the transferred shares falls below \$15.5 million, Mr. Scrushy will deposit additional shares to once again bring the total value of the transferred shares to \$17.5 million.

¹ The government did not enter into this stipulation. The agreement was between the parties to the action in the Chancery Court in Delaware.

The value of the transferred shares, as calculated from the market price per share for HealthSouth stock has dropped below the threshold set out above. In order to restore the value of the transferred stock, 608,266 additional shares should be transferred to the court in Delaware. We further move that SmithBarney Citigroup be directed to send the certificate to Mr. Scrushy to be signed and forwarded to the Chancery Court.

We therefore request that the Court sign the attached order directing SmithBarney Citigroup to transfer the additional shares to the Delaware Chancery Court. We further request that this motion and the Court's order be sealed until further order from this Court.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Arthur W. Leach", written over a horizontal line.

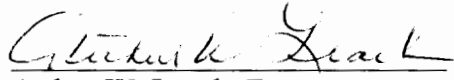
Arthur W. Leach
c/o Thomas, Means, Gillis & Seay, P.C.
2310 Marin Drive
Birmingham, Alabama 35243

Counsel for Defendant Richard M. Scrushy

CERTIFICATE OF SERVICE

I hereby certify that on March 1, 2004, a copy of the foregoing Motion to Seal Defendant's Motion to transfer shares of HealthSouth stock to the Chancery Court of New Castle County, Delaware was served by hand delivery to:

James D. Ingram, Esq.
Assistant United States Attorney for the
Northern District of Alabama
1801 4th Avenue North
Birmingham, Alabama 35203


Arthur W. Leach, Esq.
c/o Thomas, Means, Gillis & Seay
2310 Marin Drive
Birmingham, Alabama 35243
TEL. (205) 822-4224
FAX. (205) 824-0321